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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Evaluate
Telecommunications Corporations Service
Quality Performance and Consider
Modification to Service Quality Rules.

Rulemaking 11-12-001
(Filed December 1, 2011)

**VERIZON CALIFORNIA INC.'S (U 1002 C)
OPENING COMMENTS ON THE ALTERNATE PROPOSED DECISION OF
COMMISSIONERS FLORIO AND SANDOVAL TO THE PROPOSED
DECISION OF COMMISSION PICKER**

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Verizon California Inc. (Verizon) respectfully submits its opening comments on the Alternate Proposed Decision of Commissioners Florio and Sandoval to the Proposed Decision of Commissioner Picker (APD).

INTRODUCTION

The APD should be rejected. The APD raises a number of points, facts and allegations that are unrelated to the network study or are not credible in light of the evidence in the record. The APD, moreover, summarily dismisses and fails to properly evaluate the level of customer trouble reports, the one metric that the Commission in 2009 retained from GO 133-B that it says measures reliability and which shows that both AT&T and Verizon's networks are healthy and reliable.

The APD also claims that delaying the network study would harm the integrity of the regulatory process because there are no circumstances that support further delay. The APD is wrong. Commissioner Picker's Proposed Decision spells out precisely the circumstances that support deferral of the study. Thus, there is absolutely no harm to the integrity of the regulatory process.

For all of the reasons discussed below, the Commission should reject the APD and adopt Commissioner Picker's proposed decision.

DISCUSSION

I. THE APD INAPPROPRIATELY RELIES ON ALLEGATIONS AND FACTS IRRELEVANT TO A NETWORK STUDY

The APD raises a number of events, facts, allegations and concerns, all of which are unconnected to a determination of the health of a carrier's network. Indeed, the APD states a number of points that have little to do with Verizon's network health:

- The 9-1-1 outage in April of 2014 had nothing to do with Verizon facilities. It was a coding error in Intrado's software that has been addressed and the contemplated network study of Verizon's facilities would not have revealed anything about Intrado's software.¹
- The accident that destroyed 400 feet of AT&T aerial fiber cannot be said to be a service quality issue. Car accidents occasionally destroy facilities; fiber cuts occur. Nothing a network study of carrier facilities can possibly reveal will change these facts of nature.
- TURN's and CWA's allegations that Verizon does not maintain its network are spurious allegations that Verizon has challenged and which are not credible given Verizon's low level of trouble reports (discussed below).
- The alleged poor performance with the out-of-service (OOS) repair metric says very little about network reliability, as Verizon has repeatedly demonstrated.² The same is true about the business office answer time (BOAT) metric. In fact, the metric for which the Commission collects information to determine network reliability is the Customer Trouble Reports (not OOS or BOAT).³
- The network study was first announced in 2012, well before the 2015 application for the transfer of Verizon to Frontier. The transaction was never a basis and should not be a basis for conducting the study.

The APD insists that “[g]iven the absence of significant improvement in the carriers’ performance during the pendency of this proceeding, there is no evidence on which to conclude that the ordered study is no longer needed.”⁴ But this statement ignores all of the relevant arguments that Verizon and AT&T have made about the health and reliability of their networks and why the study is, in fact not necessary at all. First,

¹ See APD at n18.

² See, e.g., Verizon Opening Comments on the Proposed Decision of Commissioner (May 7, 2015) at 2-3.

³ Decision 09-07-019 at 37.

⁴ APD at 8.

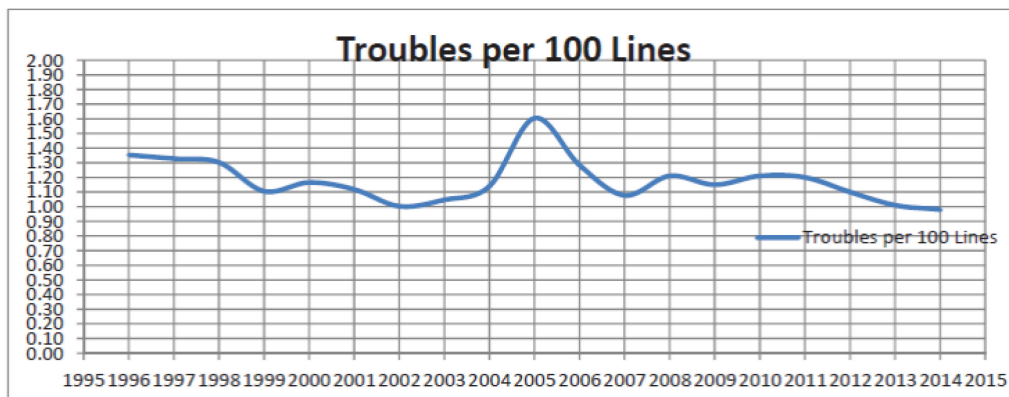
the metrics that the APD claims shows poor performance and that Verizon has not met—OOS and BOAT—say nothing about network health or reliability. An infrastructure study cannot provide information useful to a determination of the adequacy of the existing OOS or answer time service quality metrics. The OOS repair metric measures how fast repairs are performed for reported OOS conditions; it does not measure repairs as a percentage of working lines. In other words, the metric measures customer service, it does not measure how often customers are out of service because of network problems. With regard to the answer time metric, how fast a carrier answers a call also is a customer service measurement, not one that measures the strength or reliability of the network. A network infrastructure study cannot provide any meaningful information regarding carrier business office answer times.

In contrast, the infrastructure study would attempt to determine the strength or health of the network infrastructure. While the APD repeatedly states there is no evidence in the record to support deferral of the network study,⁵ that is simply wrong. Both Verizon and AT&T have provided evidence by summarizing the level of trouble reports in their comments⁶ and the 2014 Staff Report notes that AT&T and Verizon consistently meet the Customer Trouble Report metrics. And this record evidence establishes that Verizon and AT&T's networks are very strong and reliable.

⁵ See, e.g., APD at 8 (“no evidence”), 10 (same), 13 (no “relevant circumstances”) and 14 (“no relevant evidence”).

⁶ See Verizon Opening Comments on the Proposed Decision of Commissioner (May 7, 2015) at 2-3; AT&T Reply Comments on the Proposed Decision of Commissioner (May 12, 2015) at 3-4.

The Commission sets a customer trouble report metric because it measures network reliability.⁷ GO 133-C establishes a goal of no more than 6 troubles per 100 lines. Since 1995, Verizon California has consistently met or exceeded this standard, with a trend that shows a declining percentage of network trouble reports:



Staff recognized the strength of carrier networks in the September 2014 Staff Report on Wireline Service Quality (at 9), concluding that “[b]oth URF Carriers and GRC ILECs *consistently* met the minimum standards established in the Customer Trouble Report measure.” An infrastructure study—which takes only a snapshot of the network at one period of time—cannot provide better information of the state of the network than customers’ reports of trouble.

The APD tries to counter this evidence by focusing on carriers’ “poor performance” with regard to the irrelevant (to reliability) OOS and BOAT metrics, concluding that there may be more “systemic problems at root” and dismissing the import of trouble reports metric with one-sentence:

⁷ Decision 09-07-019 at 37; *see also*, 2012 Verizon Reply Comments at 23 (“In fact, carriers are already required to provide monthly Trouble Report data to the Commission under today’s rules — data which DRA concedes provides a ‘strong indicator of the health of the telephone network.’”).

The fact that some customers are reported to be satisfied by the services of their telecommunications providers, or may file fewer specific trouble reports, does not demonstrate that the underlying network infrastructure is sufficient to ensure customer satisfaction, much less public safety, in the event of damage caused by an emergency situation such as an earthquake, storm, or wildfire.⁸

This one-sentence summary dismissal of the low level of trouble reports is baffling. The APD appears to suggest that the trouble report metric is irrelevant to an assessment of network reliability. But in 2009 the Commission retained the metric⁹ precisely because it is a significant measure of network reliability, stating that the incidence of trouble reports is a “measure of reliability” and concluding that “[a] significant benefit to retaining this measure is its illustration of network reliability.”¹⁰ The Commission went on to reject proposals for other metrics tied to customer complaints¹¹ because “customer trouble reports are defined as *all reports affecting service* as well as those regarding service that is not working” and “will provide more useful and relevant information.”¹²

The APD’s effort to minimize the importance of the trouble report metric by stating that the metric “does not demonstrate that the underlying network infrastructure is sufficient to ensure customer satisfaction, much less public safety, in the event of damage caused by an emergency situation such as an earthquake, storm, or wildfire”¹³ lacks merit

⁸ APD at 8-9.

⁹ The Customer Trouble Report metric was already required by General Order 133-B. The 2009 decision retained that metric in GO 133-C.

¹⁰ Decision 09-07-019 at 37.

¹¹ See *Id.* (“We decline to adopt a standard associated with the number of complaints received by the Commission. Although complaints are one indicator of customer dissatisfaction, they normally span a range of issues which may or may not be tied to the actual indicators of service quality adopted under GO 133-C. We believe that on whole, *customer trouble reports will provide more useful and relevant information.*” (emphasis added)).

¹² *Id.*

¹³ APD at 8-9.

because no study or metric can do what this statement implies. While the OOS metric specifically excludes circumstances beyond the carrier's control, including catastrophic events such as an earthquake, storm, or wildfire or widespread service outages, the trouble report metric does not make these exclusions. These events, and vandalism and cable theft incidents, are not excluded, but the trouble rate is still well below the GO 133-C standard. Moreover, the Commission is not charged with and cannot expect perfect service quality; the standard the legislature adopted is one of “reasonable service”¹⁴ and the low level of trouble reports shows that Verizon’s network reliability well exceeds this standard.

II. THE APD’S ARGUMENT RELATING THE STUDY TO THE PUBLIC COMMUNICATIONS NETWORK LACKS MERIT

The APD claims the network study is necessary because VoIP and wireless services use ILEC wires to transmit calls and these same wires support the transition to IP-enabled technologies.¹⁵ According to the APD, because of this, the Commission needs data about the state of the network “as it is deployed today, and as it is likely to exist tomorrow.”¹⁶ This argument lacks merit.

First, the network study was never intended to assess the public communications network. The intent has always been limited and related to only Verizon and AT&T’s service quality. If an assessment of the communications network were at issue, then the study would be much broader, covering cable companies and other broadband providers. Second, OOS and BOAT, the service quality metrics at issue in this proceeding (and

¹⁴ Cal. Pub. Util. Code § 451.

¹⁵ APD at 9.

¹⁶ APD 9-10.

which the study purportedly would relate to), do not address backhaul or special access, which are the wires upon which wholesale VoIP and wireless carriers sometimes rely. Finally, the idea that the network study will provide anything conclusive about how the network is “likely to exist tomorrow” is dubious, at best.¹⁷

III. THE APD’S ARGUMENT THAT THE REGULATORY PROCESS MAY BE UNDERMINED LACKS MERIT

The APD claims that the delay so far and further delays in performing the network study “could undermine the integrity of the regulatory process by suggesting that if enough time passes without action on a Commission order, that order can be disregarded.”¹⁸ The APD accepts that if there are relevant circumstances or new evidence, it could be appropriate to further defer the ordered study. But the APD finds that there are no relevant circumstances and therefore would not defer the study. The APD is wrong. Putting aside the fact that any current delays are entirely those related to state contracting processes and have nothing to do with any claimed “vociferous”

¹⁷ Without citation to any authority, the APD also claims that the “proposed study of critical network infrastructure and operation was ordered to identify vulnerabilities and potential problems so they can be addressed before an actual failure.” APD at 11. This is revisionist in character. Neither D.13-02-023 nor any of the scoping memos in this proceeding have stated that the purpose of the study is to identify vulnerabilities and potential problems so they can be addressed before an actual failure.

¹⁸ APD at 13.

objections by the carriers to the network study,¹⁹ Picker's Proposed Decision spells out the relevant circumstances to defer the study.

Commissioner Picker's PD explains that a service quality report was issued in 2014, parties commented, then a proposal to modify GO 133-C was issued by Communications Division staff, upon which parties commented and that this proposal contains an automatic penalty mechanism.²⁰ Commissioner Picker explains that the penalty method proposal currently under consideration in this proceeding is not based on and is not dependent on scrutinizing each telephone company infrastructure and network facility decisions, but rather on the quality of the service being provided to the customer, as measured by General Order 133-C standards. Thus, despite Verizon's objections to a penalty mechanism or the APD's disagreement with Picker's treatment of the penalty proposal, the APD is simply incorrect that there are no relevant circumstances to explain the Commission's actions. The integrity of the regulatory process is not at all undermined by the Commission deferring the study under these circumstances.

¹⁹ The APD states that "the request for proposals (RFP) has not been disseminated nor a contractor chosen, and AT&T and Verizon have not yet provided the funding for the contractor. To the contrary, the incumbents' opposition to this process has been vociferous." APD at 12-13. This statement leaves the impression that Verizon has somehow obstructed the study. That is simply a false suggestion. The Commission has neither retained a contractor nor invoiced or asked Verizon to transfer any funds. And any delays in the process are because of the state contracting process, not with Verizon's objections to the study. The study was ordered in 2013 despite Verizon's objections and it was not until the comments cycle in the 2014 and earlier this year that Verizon reiterated its objections. These objections have swayed no one; in fact, Cmr. Picker's PD deferring the study in no way relies on Verizon's objections.

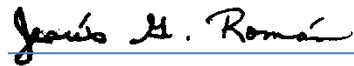
²⁰ See Proposed Decision of Commissioner Picker at 2-4.

CONCLUSION

The APD's arguments to continue the network study lack merit. The Commission should reject the APD and instead adopt Commissioner Picker's Proposed Decision.

July 23, 2015

Respectfully submitted,

A handwritten signature in black ink, reading "Jesús G. Román", is positioned above a blue horizontal line.

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